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T.R.A. DOCKET ROOM

March 21, 2005

Mrs. Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Data Request for Wastewater Escrow Account Information

04-00434

Dear Mrs. Standley:

We have the following responses to your data request dated March 16, 2005.

1. Does your company maintain an escrow account to appropriate funds dedicated to system repairs or operations in the event of an emergency? Does the company maintain an escrow account for any other purpose? If so, when was this account(s) first established?

Response: Yes, we do maintain escrow accounts. We do not maintain escrow accounts for any other purpose than system repairs. The PrimeTrust escrow account was established on January 10, 2003 and the AmSouth escrow account was established on September 12, 2000

2. If your company does not have an escrow account, please explain how the company would fund extensive system repairs or operations in the event of an emergency.

Response. Based on a 25+ year history of the systems we are operating, extensive system repairs should not be necessary in the next 20 years. However, if due to an act of God or some unforeseen problem that the system is extensively damaged, it would be repaired and the funds to repair it would come from the escrow account for that system. Due to the large number of systems we operate, even an extensive repair on any one system would not have a significant financial impact on overall operations.

3. If an escrow account(s) exists, please answer the following questions

- a. Does the company have a copy of the legal document establishing this account?

Response: Yes

- b. Is the account separately recorded on the company's financial statements?

Response: Yes, the account is separately recorded

- c. What is the current balance in this account?

Response: The PrimeTrust account has a balance of \$29,710 68. The AmSouth account has a balance of \$9,399 05

- d. For what purposes can funds from this account be used?

Response: The funds can be used for septic tank pumping and repairs that involve component replacement.

- e. Has your company had occasion to use funds from this account over the last five (5) years? If yes, describe the event(s) that necessitated use of the funds

Response: Yes, whenever a septic tank is in need of pumping, the cost is paid from escrow. Any repairs that involve a system component replacement have been paid from escrow.

- f. What internal procedures are in place for deposits and disbursements to this account?

Response. Whenever a customer pays their monthly sewer bill, the portion of the income that belongs in escrow is transferred into that account monthly. Whenever a maintenance provider invoices our company for a repair that involves replacing a system component, that invoice is paid out of escrow.

- g. Who is (are) the person(s) responsible for carrying out these procedures?

Response: Brandy Pruitt is our manager of administration. She has primary responsibility for all financial transactions for Tennessee Wastewater.

- h. Who is the person that is authorized to approve disbursements?

Response: Charles Pickney approves disbursements.

- i. Does the company keep detailed records of deposits to and disbursements from this account?

Response: Yes

j. How is this account funded?

Response: A portion of the amount collected from each customer each month is placed in the escrow account for that system.

k. What is the account number and where on the company's annual report to the TRA is the account disclosed?

Response: The account is not listed separately on the annual report. The amount in the two escrow accounts are combined with line item #14 (cash) on the Comparative Balance Sheet in the annual report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles Pickney, Jr.", written in dark ink.

Charles Pickney, Jr.
President